

Although it cooled off from its torrid pace at the start of the year, Time Warner easily maintained its position as the top cable VOIP provider by netting 234,000 new customers in the second quarter, down from its record-high total of 270,000 in the preceding quarter and 242,000 in the year-ago period. With the increase, the company raised its overall "Digital Phone" customer count to 1.6 million, at least 600,000 customers higher than Cablevision, its closest cable rival.

Taking questions on the company's earnings call last month, Time Warner officials shrugged off analysts' concerns about the company's slight decline in VOIP sales growth. Defending the MSO's performance, Jeff Bewkes, chairman of the company's Entertainment & Networks Group, said "the second-quarter voice numbers are always seasonally down and have been most years." He also noted that Time Warner is seeing penetration levels of 15 to 20 percent in some of its older phone markets, such as Albany, Syracuse, and San Antonio.

Second-place Cablevision enlisted 122,234 VOIP subscribers in the spring quarter, boosting its Optimum Voice subscriber total to about 1.1 million, which has since become the second cable operator to clear the 1 million-subscriber barrier, also raised its industry-leading VOIP penetration rate to 21.9 percent of homes passed in the New York metro area.

Picking up on the other leaders, Comcast snared 111,000 VOIP subscribers in the quarter, up an impressive 45 percent from 211,000 in the preceding quarter. With the gain, the continent's largest MSO boosted its total IP phone customer count to 721,000, putting it in position to hit the 1 million customer mark by the fall. In his remarks during the company's second-quarter earnings call, Comcast COO Steve Burke said the firm is now adding 111,000 VOIP subscribers a week, up from 16,000 per week in the first quarter and 10,000 per week last fall.

Tickled by the results, Comcast officials have laid out a goal for the year. They now expect to add 1.3 million to 1.4 million IP phone subscribers by year's end, up from their previous projections of a total of 1.1 million subscribers.

Cox, the cable industry's biggest overall phone player with 1.8 million IP phone subscribers, does not break down its customer totals by technology. But the privately held Ohio-based company added an estimated 70,000 IP phone customers in the spring. Cox is aggressively expanding its VOIP reach. The company introduced service in the Cleveland area in July and plans to roll out VOIP to its last four markets by early next year.

- Alan Breznick, Site Editor, *Cable Digital News*

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF COMPETITION IN THE DENVER,
COLORADO METROPOLITAN STATISTICAL AREA**

HIGHLY CONFIDENTIAL EXHIBIT 2

REDACTED

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF COMPETITION IN THE DENVER,
COLORADO METROPOLITAN STATISTICAL AREA**

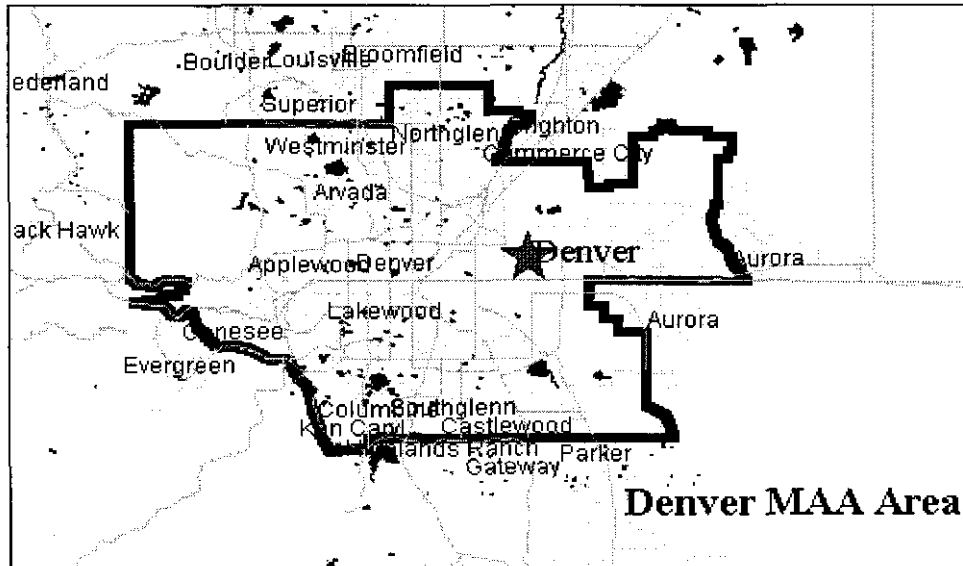
EXHIBIT 3



[Home](#) > [Enterprise](#)

MAAs Cities: Denver

Federal agencies in the Denver area can take advantage of our advanced technologies, network reliability and competitive rates. Our Denver **MAA** contract provides local services within the geographical area depicted below. Contact Us, if you need assistance.



Our range of offerings includes the following products and services at substantially low rates

- Centrex
- ISDN BRI and PRT
- PBX Trunking
- Dedicated Transmission Services
- Station Equipment
- Voice Mail

[Terms & Conditions](#) [Privacy Policy](#) [Contact Us](#)
© 2007 AT&T Knowledge Ventures. All rights reserved.
AT&T is a registered trademark of AT&T Knowledge Ventures.
Hosted by AT&T.

Manage Your Account

Enjoy secure and convenient access to your account whenever you want.

[Residential customers ▶](#)

[Business customers ▶](#)



at&t

Residential

Local and long distance, Internet, wireless phone and satellite TV—all for your home

[Learn more ▶](#)

Small Business

Voice, Internet and data services for businesses and home offices

[Learn more ▶](#)

Networking and communications for:

- Business Solutions
- Government
- Wholesale

[Learn more ▶](#)

AT&T, BellSouth and Cingular are joining together.

Introducing AT&T Unity™, the best of Wireline and Wireless services.

Learn about the AT&T-BellSouth™ merger. [customer](#) or [corporate](#) information.

[Corporate Information](#) | [Customer Support](#) | [Contact Us](#)



Proud Sponsor of the U.S. Olympic Team

[cingular](#) [YELLOWPAGES.COM](#)

[AT&T Store](#). Shop for home and small office electronics ▶

© 2007 BellSouth Corporation. All rights reserved.

07/27/07
AT&T



Calling Plans | Internet Services | Bundled Services | Voice Over IP | Phones & Accessories

- **Featured Products**
- **Calling Plans**
- **Voice Over IP**
- **Wireless**
- **Internet Services**
- **Digital Satellite TV**
- **Bundled Services**
- **Phones & Accessories**

Featured Products and Services



Voice Over IP

**AT&T CallVantage®
Phone Service for Broadband**

\$24.99 per month

Order online &
get first month free

Discover local and long
distance calling over
your high-speed
Internet connection.

[Learn More](#)



High-Speed Internet

AT&T DSL Service

Up to 100x faster than dial up

Free your phone line from
busy signals by switching
to high-speed Internet.

[Learn More](#)



AT&T Smart Limits

Bringing parents
peace of mind by
keeping kids safe with
parental controls.



[Learn More](#)



AT&T Universal Card

Get 6,000 bonus
ThankYouSM points

Earn 5 points on every \$1
spent on eligible AT&T
products and/or services.

[Learn More](#)



10001111111111111111



☒ [Remember Me](#)

Former SBC Customers:
[Log in at AT&T Account Manager](#)
Former BellSouth
Customers: [Log in at BellSouth My Account](#)

Federal Excise Tax Refund Information

Register Your Online Account

Setting up an Online
Account is free, easy
and fast. [Learn More.](#)

- [Sign Up for Online Billing](#)

Get Assistance

- [Go to Customer Center](#)
- [Contact Us](#)
- [Information & Answers](#)
- [Moving?](#)
- [Rates, Terms & Conditions](#)
- [Directory Assistance](#)

Products & Services

- [Compare Our Products & Services](#)


[Home](#)
[Cbeyond for Your Business](#)
[Services](#)
[Partners](#)
[About Cbeyond](#)
[Contact Us](#)

One Source for All Your Communications Needs

We listened to what small business customers want in a communications company. High-quality phone and Internet services, personalized attention, reasonable prices, and advice on how to use today's (and tomorrow's) communication technologies to improve the way you do business. So that's exactly what we offer.

Start by choosing the package that's right for you, and then customize your package with additional services to meet your company's unique needs.

[→ Learn More About Our Packages](#)

Internet/ Data Services

- High Speed Internet Access
- Email with SpamBlocker and Virus Protection
- Web hosting
- Domain Services
- Network Configuration
- IP Addresses
- Secure Backup & Fileshare

Voice Services

- Local Phone Services
- Long Distance Phone Services
- Toll-Free Service
- Voicemail
- Conference Calling
- Calling Card

Security

- Managed Firewall
- Secure Backup & Fileshare

Remote Access

- BeyondOffice home access
- Secure Backup & Fileshare

Cbeyond Advantage

- CbeyondOnline
- Cbeyond Insider

Mobile Services

- BeyondMobile
- Flip-phone



Overview

[Backup & Fileshare](#)
[BeyondMobile](#)
[BeyondOffice](#)
[BeyondVoice Packages](#)
[Calling Card](#)
[Conference Calling](#)
[Domain Services](#)
[Email with SpamBlocker and Virus Protection](#)
[Fax to Email](#)
[High Speed Internet Access](#)
[IP Addresses](#)
[Local Phone Service](#)
[Long Distance Phone Service](#)
[Managed Firewall](#)
[Network Configuration](#)
[Toll-Free Service](#)
[Voicemail](#)
[VPN](#)
[Web Hosting](#)
[Tell Me More](#)

Tour CbeyondOnline™, Inc.
Our Web-based account management tool, the easiest way to manage your Cbeyond account.

[Launch Tour](#)


[Home](#)
[Cbeyond for Your Business](#)
[Services](#)
[Partners](#)
[About Cbeyond](#)
[Contact Us](#)

Service Areas

Cbeyond Serving Area for Denver Phone and Internet Services

Cbeyond Communications provides an extensive serving area for Denver phone services.

Cbeyond can be your Denver service provider of local telephone service, high-speed T-1 Internet access, domestic long distance telephone service, International long distance, email, web hosting, voicemail and more.

[View Denver Phone and Internet service area](#)

Small Businesses Need . . .

Faster Internet Speed



Cbeyond uses stable, proven T-1 access for a consistent, high-speed (both upstream and downstream) Internet connection in Denver. DSL claims similar performance, but upload speeds are usually slower than download speeds.

[Read about our high-speed Internet technology](#)

Affordable Pricing



Cbeyond gives you high-speed, T-1 Internet access and local and long distance voice services (VOIP) - often for less than what you are paying for your phone service today. BeyondVoice packages start as low as \$520 a month.

[Read about our high-speed Internet packages.](#)

No Hassles



Switching to Cbeyond Phone and Internet

Services is painless. You keep your current phone number, fax and toll free numbers. And we'll guide you through installation quickly so that you can start enjoying the benefits of Cbeyond service, often within 30 days of your order.

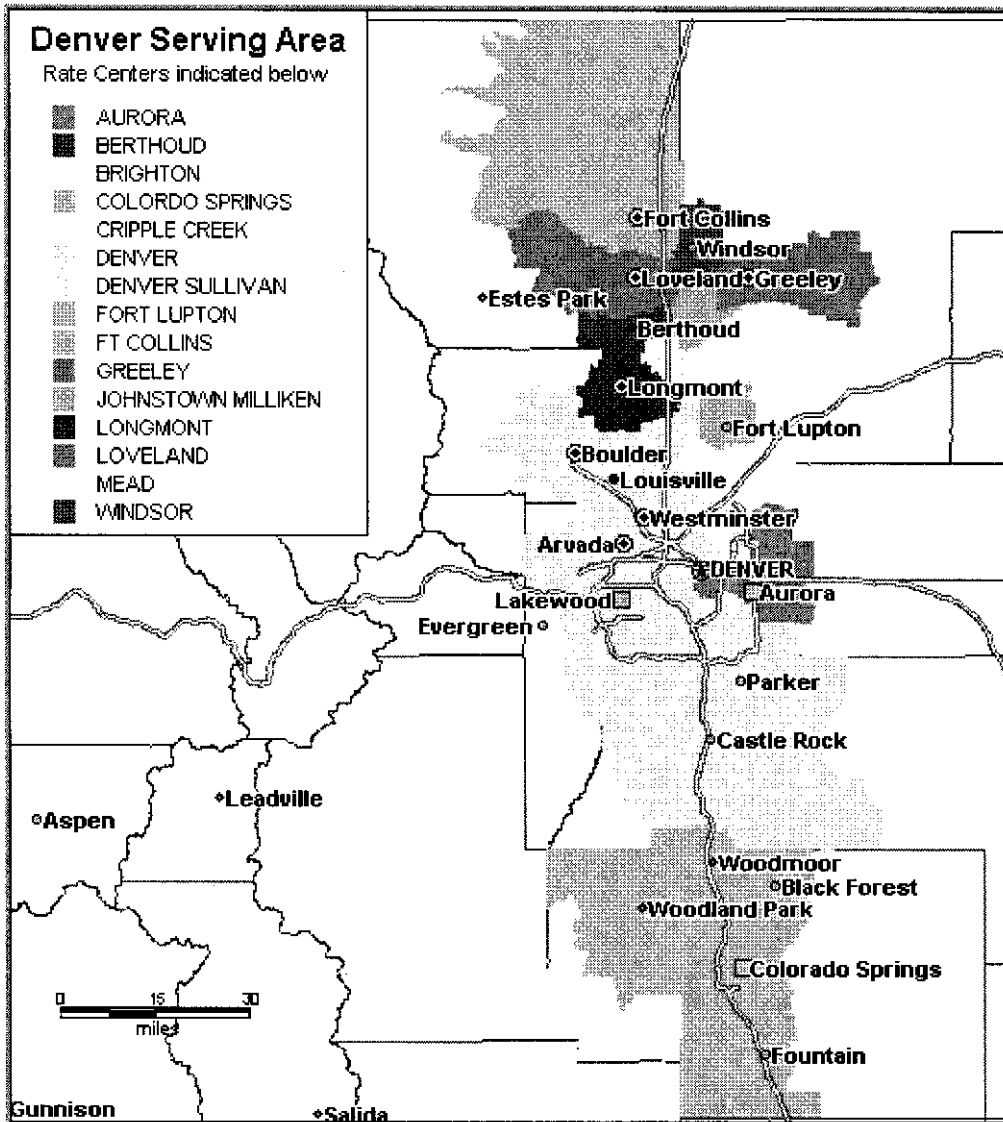
[See our Service Commitment](#)

[Overview](#)
[Packages](#)
[Industry Solutions](#)
[Cbeyond Service Areas](#)
[Atlanta](#)
[Chicago](#)
[Dallas/Fort Worth](#)
[Denver](#)
[Houston](#)
[Los Angeles](#)
[San Diego](#)
[What to Expect](#)
[Why Cbeyond](#)
[Tell Me More](#)


© 2007 Cbeyond. All Rights Reserved.

[Privacy](#) | [Legal](#) | [Feedback](#) | [Site Map](#) | [Home](#)

Created by PixelMEDIA, Inc.



Denver Service Area


[Home](#)
[Cbeyond for Your Business](#)
[Services](#)
[Partners](#)
[About Cbeyond](#)
[Contact Us](#)

Our Technology

Network Overview

Our Network Is The Network The Bell Companies Would Build If They Starred Today

Cbeyond is the world's first 100% Voice over Internet Protocol (VoIP) Local Telephone Company. Working closely with Cisco Systems, our technology partner, Cbeyond has developed and now operates very simple network architecture as compared to the complex networks of legacy providers. It is a single network with a single protocol and single provisioning interface for all voice and data services. Voice packets get priority over data packets through the network and a softswitch provides the intelligent call control. The intelligence of the network lends itself to an increasing level of customer directed network changes, and seamless growth from incremental service adoption.

Cbeyond's Network Simplicity **Diagram** (607k pdf)

607k pdf

We install an Integrated **Access** Device on the customer premise and connect it to a broadband, T-1. Voice calls travel over a dedicated IP connection and never travel over the public Internet: allowing Cbeyond to manage the Quality of Service to 99.999%. Our integrated Access Device connects with our customer's existing phone and LAN systems to provide a complete package of high quality local, LD and high-speed Internet.

Our network is cheaper to build, and cheaper to maintain. It is the network every traditional telephone company would build if they started today. **And** it gives us tremendous advantages in serving our customers:

An integrated package of the communications **tools** that a small business **needs** - voice, high speed T-1 Internet access and IP-based applications such as email, web hosting and VPN at affordable pricing

Advanced technology to manage available **voice** lines and data bandwidth **over** a full T-1, delivering maximum flexibility and the highest **possible** upload and download speeds.

One network and **one** business support system to create a streamlined, seamless communications experience

Faster and smoother installations with **industry** leading installation timeframes, usually less than **30** days

One simple, easy to understand bill

One point of contact for support

Anytime **access** to online account **tools** where customers **can** monitor, manage or instantly change service themselves

[Overview](#)
[Our story](#)
[Our Technology](#)
[Network overview](#)
[VoIP](#)
[Whitepapers](#)
[corporate Governance](#)
[Investors](#)
[News](#)
[careers](#)
[Tell Me More](#)


© 2007 Cbeyond All Rights Reserved

[Privacy](#) | [Legal](#) | [Feedback](#) | [Site Map](#) | [Home](#)

Created by PixelMEDIA, Inc.

Home

Cbeyond for Your Business

Services

Partners

About Cbeyond

Contact Us



Press Releases

Cbeyond Reports Fourth Quarter 2006 Results

Revenues Grew by 32.8% and Adjusted EBITDA Increased 57.4% Over Prior Year

ATLANTA, Mar 01, 2007 (BUSINESS WIRE) -- Cbeyond, Inc. (NASDAQ: CBEY), ("Cbeyond"), a managed services provider that delivers integrated packages of voice, broadband, and mobile services to small businesses, today announced its results for the fourth quarter and year ended December 31, 2006.

Recent financial and operating highlights include the following:

-- Strong fourth quarter revenue growth with revenues of \$58.9 million, up 32.8% over the fourth quarter of 2005;

-- Net income of \$4.3 million in the fourth quarter of 2006, including non-cash stock-based compensation expense of \$1.2 million recorded under SFAS No. 123R, which was adopted during the first quarter of 2006, and \$0.3 million of costs related to a secondary offering completed on October 10, 2006;

-- Total adjusted EBITDA (a non-GAAP measure) of \$12.3 million during the fourth quarter of 2006, an increase of 57.4% from the fourth quarter of 2005 (see Schedule 1 for reconciliation to net income);

-- Rapid growth in customers with 1,822 net customer additions, bringing the total customers in Cbeyond's six operating markets to 27,343;

-- Average monthly revenue per customer (ARPU) of \$742 during the fourth quarter of 2006 compared to \$743 in the prior quarter; and

-- A \$7.0 million increase during the fourth quarter of 2006 in cash, cash equivalents and marketable securities to \$44.1 million, with no debt.

Financial Overview and Key Operating Metrics

Financial and operating metrics, which include non-GAAP financial measures, for the three months and twelve months ended December 31, 2005, and 2006 include the following:

Key Operating Metrics and Non-GAAP Financial Measures				
Customers	20,347	27,343	6,996	34.4%
Net additions	1,450	1,822	372	25.7%
Average monthly churn rate	0.9%	1.0%	0.1%	11.1%
Average monthly revenue per customer	753	\$ 742	\$ (11)	(1.5%)
Adjusted EBITDA (in thousands)	7,844	\$12,349	\$ 4,505	57.4%

Management Comments

Geiger added, "San Diego is off to a start consistent with what we have attained in prior market launches, and we expect that our San Diego performance will be consistent with the results we are achieving in our other markets. In addition to our recent launch in San Diego, we are preparing two more markets for launch during 2007 to add to our growing portfolio of markets. By the end of the year, Cbevo

services will be available in nine markets as we continue to execute on our organic growth strategy."

Fourth Quarter Financial and Business Summary

Revenues and ARPU

Cbeyond reported revenues of \$58.9 million for the fourth quarter of 2006, an increase of 32.8% from the fourth quarter of 2005.

ARPU, or average revenue per customer location, was \$742 in the fourth quarter of 2006, as compared to \$743 in the third quarter of 2006. The stability in ARPU was achieved despite the impact of a variety of negative factors, including the increasing numbers of customers on three-year contracts at lower price points, the fewer number of business days in the fourth quarter to generate long distance and terminating access revenues as well as to install new customers, and decreases in the government-mandated rates charged for terminating access revenues. ARPU was positively impacted by the increasing levels of application use, in particular mobile.

Cost of Service and Gross Margin

Cbeyond's gross margin was 71.8% in the fourth quarter of 2006 as compared with 69.9% in the fourth quarter of 2005. Cost of service included a \$1.3 million benefit from service credits and performance penalties received from suppliers of access and transport circuits.

Operating Income and Total Adjusted EBITDA

Cbeyond reported operating income of approximately 54.0 million in the fourth quarter of 2006 compared with operating income of \$1.3 million in the fourth quarter of 2005. As of January 1, 2006, Cbeyond adopted SFAS No. 123R. The operating income of \$4.0 million in the fourth quarter of 2006 includes \$1.2 million in non-cash stock-based compensation expense as calculated using the fair value method under SFAS No. 123R, while the operating income of \$1.3 million in the fourth quarter of 2005 includes \$0.1 million in non-cash stock-based compensation as calculated using the intrinsic method under APB No. 25. As these are two different methodologies used for calculating non-cash stock-based compensation, they are not comparable.

For the fourth quarter of 2006, total adjusted EBITDA was \$12.3 million, an improvement of 57.4% over total adjusted EBITDA of \$7.8 million in the fourth quarter of 2005.

Net income Before Dividends

Cbeyond reported net income before dividends of \$4.3 million for the fourth quarter of 2006 as compared to net income before dividends of \$5.3 million for the fourth quarter of 2005. The \$5.3 million figure for the fourth quarter of 2005 included a \$4.1

million gain on early retirement of debt.

Cash and Marketable Securities

Cash, cash equivalents and marketable securities amounted to \$44.1 million at the end of the fourth quarter of 2006, as compared to \$37.1 million at the end of the third quarter of 2006. The increase in cash, cash equivalents and marketable securities of \$7.0 million in the fourth quarter was due to a variety of factors, including an increase in the profitability of Cbeyond, proceeds from stock option exercises as well as increased accrued liabilities.

Capital Expenditures

Capital expenditures were \$11.1million during the fourth quarter of 2006, compared to \$10.2 million in the third quarter of 2006.

Business Outlook for 2007

Cbeyond provides the following annual guidance for 2007:

	Annual Guidance for 2007
Revenues	\$275 million to \$280 million
Adjusted EBITDA	\$46 million to \$48 million
Capital expenditures	\$50 million to \$55 million

The launch of San Diego in the first quarter of 2007, as well as the unusually benefit from high service credits and performance penalties recorded in the fourth quarter of 2006, may result in lower sequential adjusted EBITDA in early 2007. While Cbeyond is committed to attaining annual increases in adjusted EBITDA amounts, the Company expects some variability quarter-to-quarter as new markets are launched and their startup losses impact the consolidated results. Throughout the year, the Company expects adjusted EBITDA margins to be in the high teens as a percentage of revenue.

With respect to capital expenditures, due in part to the timing of new market launches as well as the anticipated timing of certain investments in software projects, Cbeyond expects that its capital expenditures will be weighted toward the first half of 2007.

Conference Call

Cbeyond will hold a conference call to discuss this press release Thursday, March 1, 2007, at 5:00 p.m. EST. A live broadcast of the conference call will be available on-line at www.cbeyond.net. To listen to the live call, please go to the Web site at least 10 minutes early to register, download, and install any necessary audio software. The conference call will also be available by dialing (800) 819-9193 (for domestic U.S. callers) and (913) 981-4911 (for international callers). For those who cannot listen to the live broadcast, an on-line replay will be available shortly after the call and continue to be available for a year.

About Cbeyond

Cbeyond, Inc. (NASDAQ: CBEY) is a managed services provider that delivers integrated packages of local and long-distance voice along with mobile and broadband Internet services to more than 27,000 small businesses in Atlanta, Chicago, Dallas, Denver, Houston, Los Angeles and San Diego. Cbeyond offers more than 20 productivity-enhancing applications including BlackBerry(R), voicemail, email, Web hosting, fax-to-email, data backup, file-sharing, and VPN. Cbeyond manages these services over a private, 100-percent Voice over Internet Protocol (VoIP) facilities-based network. For more information on Cbeyond, visit www.cbeyond.net.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to statements identified by words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "projects" and similar expressions. Such statements are based upon the current beliefs and expectations of Cbeyond's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following: the risk that we may be unable to continue to experience revenue growth at historical levels; changes in federal or state regulation that affects the Company; the timing of the initiation, progress or cancellation of significant contracts or arrangements; the mix and timing of services sold in a particular period; our ability to recruit and maintain experienced management and personnel; rapid technological change and the timing and amount of start-up costs incurred in connection with the introduction of new services or the entrance into new markets; our ability to maintain or attract sufficient customers in existing or new markets; our ability to respond to increasing competition; our ability to manage the growth of our operations; changes in estimates of taxable income or utilization of deferred tax assets which could significantly affect the Company's effective tax rate; pending regulatory action relating to our compliance with customer proprietary network information; and general economic and business conditions. You are advised to consult any further disclosures we make on related subjects in the reports we file with the SEC, including the "Risk Factors" in our most recent annual report on Form 10-K, together with updates that may occur in our quarterly reports on Form 10-Q and Current Reports on Form 8-K. Such disclosure covers certain risks, uncertainties and possibly inaccurate assumptions that could cause our actual results to differ materially from expected and historical results. We undertake no obligation to correct or update any forward-looking Statements, whether as a result of new information, future events or otherwise.

Key Operating Metrics and Non-GAAP Financial Measures

In this press release, the Company uses several key operating metrics and non-GAAP financial measures. In Schedule I, the Company defines each of these metrics and provides a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure. These financial measures and operating metrics are a supplement to GAAP financial information and should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow or operating

income (loss) as determined in accordance with GAAP,

SCHEDULE I

Adjusted EBITDA is not a substitute for operating income (loss), net income (loss), or cash flow from operating activities as determined in accordance with accounting principles generally accepted in the United States, or GAAP, as a measure of performance or liquidity. The Company defines adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization expenses, excluding non-cash stock option compensation, write-off of public offering costs and gain recognized on troubled debt restructuring, loss on disposal of property and equipment and other non-operating income or expense. Information relating to total adjusted EBITDA is provided so that investors have the same data that management employs in assessing the ovei-all operation of the Company's business.

Total adjusted EBITDA allows the chief operating decision maker to assess the performance of the Company's business on a consolidated basis that corresponds to the measure used to assess the ability of its operating segments to produce operating cash flow to fund working capital needs, to service debt obligations and to fund capital expenditures. In particular, totai adjusted EBITDA permits a comparative assessment of the Company's operating performance, relative to a performance based on GAAP results, while isolating the effects of depreciation and amortization, which may vary among segments without any correlation to their underlying operating performance, and of non-cash stock option compensation, which is a non-cash expense that varies widely among similar companies. The following information includes a reconciliation of total adjusted EBITDA to net income (loss):

CREYOND, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Operations (In thousands, except per share amounts) (Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2006	2005	2006
Revenue:				
Customer revenue	\$43,272	\$57,614	\$154,883	\$208,574
Terminating access revenue	1,064	1,253	4,214	5,312
Total revenue	44,336	58,867	159,097	213,886
Operating expenses:				
Cost of service	13,342	16,583	47,161	64,294
Selling, general and administrative	23,234	31,159	86,453	114,408
Public offering costs	-	286	-	945
Depreciation and amortization	6,411	6,818	24,160	27,196
Total operating expenses	42,987	54,846	157,774	206,843
Operating income	1,349	4,021	1,323	7,043
Other income (expense):				

Interest income	443	602	1,325	1,919
Interest expense	(379)	(52)	(2,424)	(163)
Gain on early retirement of debt	4,060	-	4,060	-
Loss on disposal of property and equipment	(157)	(67)	(539)	(601)
Other income (expense), net	-	12	(9)	12
Total other income (expense)	3,967	495	2,413	1,167
Income before income taxes	5,316	4,516	3,736	8,210
Income tax expense	-	(167)	-	(430)
Net income	5,316	4,349	3,736	7,780
Dividends accreted on preferred stock	(1,092)	-	(8,550)	-
Net income (loss) available to common stockholders	\$ 4,224	\$ 4,349	\$ (4,814)	\$ 7,780
Earnings (loss) per common share				
Basic	\$ 0.26	\$ 0.16	\$ (1.16)	\$ 0.29
Weighted average number of common shares outstanding				
Basic	16,038	27,362	4,159	26,951

CBEYOND, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	December 31, 2005	December 31, 2006
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 27,752	\$ 34,113
Marketable securities	10,170	9,995
Accounts receivable, gross	12,499	21,161
Less: Allowance for doubtful accounts	(1,811)	(2,586)
Accounts receivable, net	10,688	18,595
Other assets	4,328	5,825
Total current assets	52,938	68,528
Property and equipment, gross	142,973	181,938
Less: accumulated depreciation	(85,905)	(109,148)
Property and equipment, net	57,068	72,790
Other assets	4,826	3,075
Total assets	\$ 114,832	\$ 144,393
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 9,364	\$ 7,538
Other accrued liabilities	29,989	44,989
Current portion of capital lease		

obligations	382	98
Total current liabilities	39,735	52,625
Deferred installation revenue	511	660
Stockholders' equity		
Common stock	264	274
Deferred stock compensation	(701)	(22)
Additional paid-in capital	230,797	238,852
Accumulated deficit	(155,776)	(147,996)
Total stockholders' equity	74,586	91,108
Total liabilities and stockholders' equity	\$ 114,832	\$ 144,393

CBEYOND, INC. AND SUBSIDIARIES
Selected Operating Statistics
(Dollars in thousands, except for Other Operating Data)
(Unaudited)

	Dec. 31 2005	Mar. 31 2006	Jun. 30 2006	Sept. 30 2006	Dec. 31 2006
Revenues					
Atlanta	\$ 14,443	\$ 14,863	\$ 15,932	\$ 16,073	\$ 16,661
Dallas	11,402	11,901	12,690	13,127	13,617
Denver	12,977	13,769	14,773	14,828	15,161
Houston	4,331	5,217	6,302	6,952	7,911
Chicago	1,183	1,820	2,636	2,397	4,428
Los Angeles	-	8	201	530	1,029
San Diego	-	-	-	-	-
Total revenues	\$ 44,336	\$ 47,578	\$ 52,534	\$ 54,907	\$ 58,867
Operating income (loss)					
Atlanta	\$ 5,978	\$ 7,173	\$ 7,993	\$ 8,517	\$ 8,851
Dallas	4,103	3,900	4,277	4,942	5,815
Denver	5,397	6,077	6,643	6,854	7,411
Houston	397	538	1,349	1,835	2,252
Chicago	(615)	(1,382)	(965)	(622)	56
Los Angeles	(382)	(1,029)	(1,585)	(1,783)	(1,857)
San Diego	-	-	-	(27)	(604)
Corporate	(13,529)	(15,451)	(16,447)	(17,785)	(17,903)
Total operating income (loss)	\$ 1,349	\$ (174)	\$ 1,265	\$ 1,931	\$ 4,021
Adjusted EBITDA					
Atlanta	\$ 7,384	\$ 8,640	\$ 9,386	\$ 9,763	\$ 10,092
Dallas	5,336	5,278	5,644	6,170	6,916
Denver	6,701	7,346	7,919	8,067	8,503
Houston	936	1,120	2,001	2,537	3,018
Chicago	(358)	(1,081)	(615)	(223)	508
Los Angeles	(382)	(1,029)	(1,438)	(1,587)	(1,570)
San Diego	-	-	-	(27)	(603)
Corporate	(11,773)	(13,089)	(13,504)	(14,088)	(14,515)
Total adjusted EBITDA	\$ 7,844	\$ 7,185	\$ 9,393	\$ 10,612	\$ 12,349

Brigham/Teitzel Declaration Exhibit 3
 Denver MSA
 Page 16 of 67

Adjusted EBITDA
 margin (Market-
 level)

Atlanta	51.1%	52.1%	52.9%	60.7%	60.6%
Dallas	46.8%	44.3%	44.5%	47.0%	50.8%
Denver	51.6%	53.4%	53.6%	54.4%	56.1%
Houston	21.6%	21.5%	21.8%	36.5%	38.1%
Chicago	(30.3%)	(59.4%)	(22.3%)	(6.6%)	11.5%
Los Angeles	N/M	N/M	N/M	N/M	(144.2%)
San Diego	N/M	N/M	N/M	N/M	N/M

Adjusted EBITDA
 margin (as % of
 total revenue)

Corporate	(26.6%)	(27.5%)	(25.7%)	(25.7%)	(24.7%)
Total	17.7%	15.1%	17.9%	19.3%	21.0%

Capital expenditures

Atlanta	\$ 1,935	\$ 1,396	\$ 1,555	\$ 1,554	\$ 1,064
Dallas	1,795	2,482	2,180	823	1,438
Denver	1,047	1,747	1,134	1,093	987
Houston	1,492	1,217	787	712	871
Chicago	727	745	698	444	956
Los Angeles	1,786	847	816	720	1,061
San Diego	-	-	116	915	530
Corporate	3,812	2,577	4,148	3,939	4,215

Total capital expenditures	\$ 12,594	\$ 11,011	\$ 11,534	\$ 10,200	\$ 11,122
-------------------------------	-----------	-----------	-----------	-----------	-----------

Other Operating Data

Customers (at period end)	20,347	21,909	23,714	25,521	27,343
Net additions	1,450	,562	1,305	1,807	1,822
Average monthly churn rate	0.9%	1.0%	1.0%	1.0%	1.0%
Average monthly revenue per customer					
location	\$ 753	\$ 751	\$ 768	\$ 743	\$ 742

CBeyond, INC. AND SUBSIDIARIES

Reconciliation of Non-GAAP Financial Measure to GAAP Financial Measure
 (In thousands)
 (Unaudited)

Dec. 31 2005	Mar. 31 2006	Jun. 30 2006	Sept. 30 2006	Dec. 31 2006
-----------------	-----------------	-----------------	------------------	-----------------

Reconciliation of
 Adjusted EBITDA to Net
 Income:

Total Adjusted EBITDA for reportable segments	\$7,844	\$7,185	\$9,393	\$10,612	\$12,349
Depreciation and amortization	(6,411)	(6,577)	(6,864)	(6,937)	(6,818)
Non-cash stock option compensation	(24)	(782)	(1,264)	(1,085)	(1,224)
Public offering costs	-	-	-	(659)	(286)
Interest income	443	390	409	518	602
Interest expense	(379)	(8)	(38)	(65)	(52)
Gain on early retirement of debt	4,060	-	-	-	-
Loss on disposal of					

Brigham/Teitzel Declaration Exhibit 3
Denver MSA
Page 17 of 67

Property and equipment	(157)	(157)	(136)	(241)	(67)
Other income (expense), net	-	-	-	-	12
Income tax expense	-	(31)	(94)	(138)	(167)
Net income	\$5,316	\$20	\$1,406	\$2,005	\$4,349

Three Months Ended December 31,		Twelve Months Ended December 31,	
2005	2006	2005	2006

Reconciliation of
Adjusted EBITDA to Net
income:

Total Adjusted EBITDA for reportable segments	\$7,844	\$12,349	\$25,807	\$39,539
Depreciation and amortization	(6,411)	(6,818)	(24,160)	(27,196)
Non-cash stock option compensation	id)	(1,224)	(324)	(4,355)
Public offering costs	-	(286)	-	(945)
Interest income	443	602	1,325	1,919
Interest expense	(379)	(52)	(2,424)	(163)
Gain on early retirement of debt	4,060	-	4,060	-
Loss on disposal of property and equipment	(157)	(67)	(539)	(601)
Other income (expense), net	-	12	(9)	12
Income tax expense	-	(167)	-	(430)
Net income	\$5,316	\$4,349	\$3,736	\$7,780

Except for historical information and discussion contained herein, statements contained in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The specific forward-looking statements cover Cbeyond's expectations for revenue, EBITDA, as adjusted, and capital expenditures for the fiscal year 2006. The statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Some of the factors and risks associated with our business are discussed in Cbeyond's filings with the Securities and Exchange Commission.

CBEY-F CBEY-G

SOURCE: Cheyond, Inc.

Cbeyond, Inc., Atlanta
Kurt Ackemeier, 678-370-2887
Vice President, Finance and Treasurer

Integra Telecom News Release

Integra Telecom, Inc. To Purchase Eschelon Telecom, Inc.

**Approved Acquisition will Result in Leading Provider for Businesses in 11 Western and Midwestern States;
Combined Annual Revenue Predicted to be in Excess of \$700 Million**

PORTLAND, Ore. - Mar 20, 2007 - Integra Telecom, Inc., a provider of local, long-distance and internet services for businesses, today announced that it has signed a definitive agreement to purchase Eschelon Telecom, inc. (NASDAQ: ESCH). The transaction is expected to close during the third quarter of 2007 upon obtaining necessary governmental and shareholder approvals. Upon closing, Eschelon will no longer be publicly held and operate under Integra Telecom, inc., which will continue to be privately held and operated. The combination will yield one of the largest competitive local exchange carriers (CLEC) in the nation. Total company revenues are predicted to be more than \$700 million annually with more than \$200 million in pro-forma 2007 EBITDA.

Integra and Eschelon have each successfully focused on the business market for more than 10 years. "The combined companies are expected to create one of the most established, cash profitable CLECs, insuring long term continuity and superior service for the customers and employees of both companies," said Dudley Slater, CEO of Integra Telecom. The combined company will be able to provide Eschelon and Integra customers with expanded product offerings including business telephone systems and powerful high-bandwidth products available on Integra's fiber optic intra and intercity networks.

"Both companies have an excellent reputation in meeting the needs of their customers," added Richard A. Smith, president and CEO for Eschelon. "The market position and financial strength resulting from this combination will position the customers and employees of both companies for the future." Upon closing, Richard A. Smith will join Integra Telecom's Board of Directors.

Upon completion of the transaction, Integra will serve an average of 20 percent of the businesses in the metropolitan areas in which it operates in 11 Western and Midwestern states. The integration of the two businesses is expected to generate substantial operating and network cost savings as nearly 80 percent of each company's revenues derive from overlapping geographic markets. Much of Eschelon's traffic, which was previously routed over leased facilities from other carriers, will now be routed over Integra's extensive metropolitan area and intercity fiber networks.

Under the terms of the agreement, Integra will purchase Eschelon Telecom for \$30 per share or an aggregated purchase price of \$710 million, including the repayment of approximately \$144 million in Eschelon debt. Integra will fund the purchase and the refinancing of its existing debt with \$1.2 billion in new capital, including i) senior secured debt facilities to be placed by Deutsche Bank Securities and Morgan Stanley Senior Funding, inc. as Joint Lead Arrangers and CIBC as Co-Agent. and ii) senior notes to be placed by Deutsche Bank Securities with CIBC acting as lead manager. Integra was advised by Deutsche Bank Securities with legal counsel provided by PerkinsCoie LLP.

Integra's Record of Financial and Integration Success

In early 2003, Integra became the first facilities-based CLEC in the 14-state Qwest Communications service territory to be cash profitable - a key indicator of a business's health. In August 2006 Integra completed the \$243 million purchase of Electric Lightwave from Citizens Communications and has successfully transitioned those customers to Integra's industry-leading brand of customer service.

About Integra Telecom

Integra Telecom, Inc. provides voice, data and internet communications to thousands of business and carrier customers in eight Western states, including: Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah and Washington. The company owns and operates a best-in-class fiber-optic network comprised of metropolitan access networks, a nationally

acclaimed tier one Internet and data network and a 4,700-mile high-speed long haul network. The company enjoys some of the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Banc of America Capital Investors, Boston Ventures and Nautic Partners. Integra Telecom and Electric Lightwave are registered trademarks of Integra Telecom Inc. For more information, visit www.integratelecom.com.

About Escheion Telecom, Inc.

Escheion Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company currently employs approximately 1,400 telecommunications/Internet professionals, serves over 60,000 business customers and has approximately 600,000 access lines in service throughout its markets in Minnesota, Arizona, Utah, Washington, Oregon, Colorado, Nevada, Montana and California. For more information, please visit our web site at www.escheion.com

In connection with the merger, Escheion will file a proxy statement and other materials with the Securities and Exchange Commission. Before making any voting or investment decision, Escheion investors are urged to read the proxy statement and these materials when they become available because they will contain important information. Escheion and its officers and directors may be deemed to be participants in the solicitation of proxies with respect to the proposed transaction. Information regarding such individuals is included in Escheion's proxy statements and Annual Reports on Form 10K previously filed with the Securities and Exchange Commission and will be included in the proxy statement relating to the proposed transaction when it becomes available. You may obtain Escheion's proxy statement, when it becomes available, any amendments or supplements to the proxy Statement and other relevant documents free of charge at www.sec.gov. You may also obtain a free copy of Escheion's proxy statement, when it becomes available, any amendments and supplements to the proxy statement and other relevant documents by writing to Escheion at 730 Second Avenue South, Suite 900, Minneapolis, MN 55402, Attn: Investor Relations or at www.escheion.com under the tab "Investor Relations" and then under the heading "SEC Filings." In addition, Integra and its officers and directors may be deemed participants in the solicitation of proxies from Escheion's stockholders in favor of the approval of the merger.

Forward Looking Statements

This announcement contains forward-looking statements with the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Escheion Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Escheion Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

02005 Integra Telecom | www.integratelecom.com | 1-866-INTEGRA



The Next Level Of Business Communications

VOICE

INTERNET

PHONE SYSTEMS

MARKETS WE SERVE

WHY ESCHELON

INVESTOR RELATIONS

ABOUT US

News and Events / News and Events 2006

Eschelon Telecom, Inc. Fiber Optic Backhaul Ownership Surpasses 50%

11/27/2006

Minneapolis, MN – November 27, 2006: Eschelon Telecom, Inc., (NASDAQ:ESCH) a leading provider of integrated communications services to small and medium sized businesses in the western United States, today announced that with the completion of its acquisition of Mountain Telecommunications, Inc. (MTI) last month, the percentage of backhaul facilities carried over company-owned fiber has reached 52%.

The extent of fiber in our network is probably the company's best-kept secret," stated Richard A. Smith, Eschelon's President and CEO. "As we built the network, we could never justify the economics of building the majority of our own fiber rings. The abundance of available facilities and significant price per channel mile compression has allowed us to lease whatever capacity we needed at very favorable terms. We have now completed our third acquisition of companies with their own fiber networks. Wherever possible, we are moving off of leased transport onto our own facilities -the synergies are significant."

As of December 1, 2006, Eschelon has 617 sheath miles in its network carrying approximately 7,768 strand miles of fiber. When the integration of Mountain Telecom is complete early next year, approximately 700 of the nearly 1,000, or 54% of the Eschelon's DS3 facilities will be carried on the company's own fiber rings.

As we begin the next phase of our network expansion, we will continue to evaluate the economics of leasing versus building backhaul facilities on a route-by-route basis," continued Smith. Those economics obviously change significantly when we are able to acquire an existing broadband fiber network with the purchase of another company and since we will most likely continue to grow organically and through acquisitions, I expect our percent fiber ownership to continue to grow."

About Eschelon Telecom, Inc.

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company currently employs approximately 1,400 telecommunications/

SEARCH

Interested in Eschelon's services?

Contact your local office to learn more about our services in your area or call 1-866-553-3733.

- Find your local office.
- Send us a message online.

- Customer Stories
- News and Events
- Press Kit
- Careers
- Community Matters
- Eschelon's History
- Tariffs & Price Lists
- Current Promotions
- Privacy Policy

Internet professionals, serves over 60,000 business customers and has in excess of 570,000 access lines in service throughout its markets in Arizona, California, Colorado, Minnesota, Montana, Nevada, Oregon, Utah and Washington. For more information, please visit our web site at www.eschelon.com

Forward Looking Statements

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

#

Industry Terms

Look up industry terms in our glossary

[Voice](#) | [Internet](#) | [Phone Systems](#) | [Markets We Serve](#) | [Why Eschelon](#) | [About Us](#) | [Partners](#) | [Support](#)

© 2006 Eschelon Telecom, Inc.



The Next Level Of Business Communications

[HOME](#)

[ABOUT US](#)

[PARTNERS](#)

Brigham/Teitzel Declaration Exhibit 3

Denver MSA/TOWER CENTRAL

Page 22 of 67

SEARCH

VOICE

INTERNET

PHONE SYSTEMS

MARKETS WE SERVE

WHY ESCHELON

INVESTOR RELATIONS

VOICE SERVICE



Interested in Eschelon's services?

Contact your local office to learn more about our services in your area or call 1-800-590-3733.

- Find your local office.
- Send us a message online.

Voice Services that Improve Your Bottom Line

Eschelon offers feature-rich, high-quality local business lines, local T-1 and PRI solutions to give you the tools you need to communicate quickly and reliably. Eschelon's line of Integrated Solutions gives you the ability to combine all of your voice and data needs on a single high-speed, digital circuit for maximum efficiency.

LOCAL SERVICE

With Eschelon's Local Services, you'll receive the highest quality telephone service available to help your business thrive. Whether you choose our feature-rich analog lines or digital T-1 voice services, you will be equipped with reliable, low cost voice solutions that are just right for small to medium-sized businesses.

[MORE](#)

LONG DISTANCE

Companies of all sizes need to stay in contact with customers and employees. Eschelon offers a variety of long distance programs to meet your specific business needs. We offer both switched and dedicated long distance services backed by competitive pricing and outstanding customer service.

[MORE](#)

VOICE MESSAGING

Voice messaging has become a critical element of business communications that gives customers a direct connection to your business. With Eschelon's Voice Messaging, you can eliminate the confusion of paper messages and your customers will never get a busy signal.

[MORE](#)

FIRST ESCHELON

For customers who want to combine their voice and Internet services on a single T-1, First Eschelon provides you with the flexibility you desire.

[MORE](#)

PRECISION INTEGRATED ACCESS

Flexible voice and data services delivered over a single circuit--ideal for businesses that need from four to 16 voice lines and want fast, dedicated Internet access.

[MORE](#)

Industry Terms

Look up industry terms in our glossary.

[Voice](#) | [Internet](#) | [Phone Systems](#) | [Markets We Serve](#) | [Why Eschelon](#) | [About Us](#) | [Partners](#) | [Support](#)